

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7756

BILL NUMBER: HB 1265

NOTE PREPARED: Feb 17, 2005

BILL AMENDED:

SUBJECT: Justification for Rulemaking.

FIRST AUTHOR: Rep. Pond

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill requires an agency that publishes a notice of intention to adopt a rule that imposes a requirement or cost on a regulated entity to include in the notice a statement justifying the requirement or the cost. It provides that the statement must include a reference to any data, studies, or analyses relied upon by the agency in determining that the imposition of the requirement or cost is necessary.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill may minimally increase administrative costs for state agencies that adopt rules. Under current law, an agency must (1) publish a notice of intent to adopt a rule and (2) estimate the economic impact that compliance with the proposed rule will have on all regulated entities. Under the bill, the agency would have to prepare a statement justifying the requirement or cost imposed on a regulated entity that is not part of state or local government to be included in its notice.

Background: If the estimated economic impact for compliance on all regulated entities is greater than \$500,000, the agency must submit the proposed rule and all supporting information to the Legislative Services Agency (LSA) for an analysis. Review of the analyses prepared by LSA during 2003 and 2004 indicates that of the 19 fiscal impact statements, 10 imposed a requirement or cost on a regulated agency that was not an instrumentality of state or local government.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Agencies with rulemaking authority.

Local Agencies Affected:

Information Sources: www.in.gov/legislative/ic_iac/arfisindex.jsp

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